

Washington, D.C. - Congresswoman Melissa Bean joined President Barack Obama and Congressional leaders today at a White House signing ceremony for the Helping Families Save their Home Act, a bill aimed at reducing foreclosures and combating the drop in property values for all homeowners. The bill included several measures authored by Bean in previous versions that seek to increase accountability and reduce taxpayer risk.

“Nearly all homeowners are seeing the effects of the foreclosure crisis reflected in a loss of value of their property,” Bean said. “To stabilize the overall economy and improve the quality of life in our communities, we must reduce the number of foreclosures. But we must also be sure that we hold borrowers and lenders accountable for taxpayer funds and do not provide assistance to individuals who acted fraudulently.”

The bill, S. 896, passed the House Tuesday by a vote of 367 to 54, with Bean’s support. It provides incentives and protections to lenders to provide voluntary refinancing and reworking of loans for troubled mortgage holders. It also protects the bank deposits and savings of consumers with a four-year extension of the increase in deposit insurance to \$250,000, and increases the borrowing authority of the FDIC to reduce the financial burden on small community banks.

Provisions in the bill that Congresswoman Bean advocated include:

- Borrowers must certify that they are stating their income information truthfully on their revised loan application, or else face sharp requirements to repay the government
- Borrowers who have been convicted of mortgage fraud are prohibited from participating in the government-backed refinancing program.
- FHA-approved lenders must make a good-faith effort to conduct a criminal background check to determine if the borrower has committed mortgage fraud.
- A provision to reduce taxpayer risk by increasing the government’s stake in FHA-refinanced mortgages for the life of the mortgage. Bean worked to ensure that taxpayers are paid an exit fee, so that any participating borrower must repay the government up to 50 percent of the equity write-down when the home is sold or refinanced at a later date.
- Borrowers are prohibited from using the equity gained through the reworked mortgage to receive an equity line of credit or second mortgage for the first five years.